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December 5, 2018

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia SC 29210

Re: **Duke Energy Progress, LLC Operational Issue**
Docket No. 2018-_____-E

Dear Mrs. Boyd:

This letter is to inform the South Carolina Public Service Commission of a Duke Energy Progress (DEP) operational billing issue resulting from back to back hurricanes and increased meter change orders due to the deployment of AMI smart meters. These operational issues have resulted in multi-month bills for some customers in the DEP service territory.

This multi-month billing issue was caused primarily due to the following reasons:

- Off Reading Unable to be Validated: When a new meter is installed at a location, the off reading on the old meter is automatically validated by our billing system by comparing the energy usage registered on the meter to the customer's previous usage. If the system is unable to validate the off reading before the bill is scheduled to be mailed, the system will sort the bill from the mail queue and instead, send it to the billing department to manually review and mail the bill. Until all exceptions have been cleared the bill will not be mailed to the customer.
- Billing Scheduled to Occur before Smart Meter Certified: When a new smart meter is installed at a location, the new meter must communicate back to our offices (over our meshed communications network) three consecutive days before the meter is considered 'certified' enabling a remote reading for billing purposes. If the meter is unable to communicate for three consecutive days (connectivity issue with the mesh system or scheduled billing date occurs before three consecutive days of communication completed), the billing system will send an order for a manual "in-person" meter reading. If the meter reading department is unable to get a manual

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reading, the bill will not mail, but instead sort to the billing department to manually estimate, prepare and mail the bill.

Sorting and estimating bills is a routine process, but the increase in meter installs, followed by back-to-back hurricanes (where much of our routine work was canceled for storm response and access issues) has increased the number of accounts in this manual process, creating a backlog and, in some instances, delayed, extended, and estimated bills. A rapid increase in the number of bills in the backlog alerted the DEP Billing Team to the prevalence of these billing issues, which were first discovered in the wake of Hurricane Florence and exacerbated by Hurricane Michael.

The areas experiencing the greatest level of impact from these billing issues are those that were impacted by Hurricane Florence and Hurricane Michael, by the current AMI smart meter deployment, or both. Currently, the majority of accounts impacted by these issues are in Sumter, South Carolina.

There are approximately 1,500 accounts in the backlog requiring manual action by a billing specialist. Approximately 800 of the backlog accounts will result in delayed or extended billing (more than 34 days). Customers affected by these delays will not be penalized and will have the same amount of time to pay the multi-month bill as they would had they received regular monthly bills (i.e., if the bill is for two months, customers can take two months to pay with no late payment charges or service interruptions as long as they continue to make monthly payments. This is, however, contingent upon the customer contacting DEP and requesting a payment plan.)

The implementation of information technology (IT) fixes will resolve the drivers of the aforementioned issues. The overall impact of these fixes will result in a reduction in the number of meter orders that require manual intervention in the future.

Additional human resources have also been identified to help reduce the level of the backlog as quickly as possible. The primary focus of these additional human resources is to provide attention to accounts that are at risk for receiving a delayed, extended, or estimated bill.

We have discussed these issues with staff of the Office of Regulatory Staff and will keep them informed of our progress in resolving these issues. Please let me know if the Commission has questions or requests for additional information.

Sincerely,



Heather Shirley Smith

cc: Mr. Andrew Bateman, Esquire, Office of Regulatory Staff (via email)
Ms. Dawn Hipp, Office of Regulatory Staff (via email)
Ms. Sarah Johnson, Office of Regulatory Staff (via email)
Mr. Chad Campbell, Office of Regulatory Staff (via email)